

SUZANNE PAPAILIOU,

Appellant

v.

REGISTER OF WILLS  
OF BALTIMORE COUNTY

Respondent

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IN THE

MARYLAND TAX COURT

Case No. 20-EI-00-0119

**MEMORANDUM AND ORDER**

In the present case, the Appellant, Suzanne Papailiou (“Appellant” or “Personal Representative”), has appealed the imposition of interest and penalty by the Respondent, Register of Wills of Baltimore County (the “Respondent” or “Register of Wills”), in the amount of Eight Thousand Five Hundred Ninety-Five Dollars (\$8,595.00) due to the late filing of inheritance tax. The facts are undisputed, and the only question raised by the appeal is the date that penalty and interest are due on non-probate assets. The Respondent contends that penalty and interest should be assessed upon the expiration of thirty (30) days from the determination date. Appellant argues that penalty and interest should not be assessed until thirty (30) days after the due date on the Register of Wills’ invoice for inheritance tax due.

Under the decedent’s Will, Appellant was appointed personal representative. The estate consisted of various non-probate assets, including an IRA account, an annuity account, investment accounts, and a refund of a deposit from Broadmead Retirement Community. The probate assets in the estate consisted of the personal resident of the decedent prior to her entering a long-term care facility, as well as extensive medical equipment of the decedent which was donated to the ALS Association. The real property was encumbered by a mortgage in the amount of Two

Hundred Five Thousand Dollars (\$205,000.00). Under the Will, the probate estate was required to pay the inheritance tax for the beneficiaries of the non-probate assets which included two (2) cousins, a friend and the Personal Representative. The probate estate had very little cash to pay the mortgage payment, taxes and utilities. The Personal Representative as a fiduciary was required to pay the expenses associated with the real property, including the mortgage payment, taxes and insurance.

Appellant received an invoice for inheritance tax dated November 16, 2018, in the amount of Sixty-Nine Thousand Twenty-Seven and 42/100 Dollars (\$69,027.42) which required payment by December 19, 2018. The Personal Representative through counsel requested an extension for payment due to an incorrect calculation of tax and the lack of cash in the estate account. The extension was granted by the Register of Wills on March 14, 2019. The Register of Wills granted two (2) additional extensions due to the repairs and improvements to the decedent's real property, with the final extension granted until December 31, 2019.

The Amended Information Report filed on January 2, 2019, resulted in an amended invoice of the same date which contained a due date of February 1, 2019. The Personal Representative advanced the sum of Sixty-Seven Thousand Four Hundred Twelve and 42/100 Dollars (\$67,412.42) from her personal funds to the probate estate and paid the amended invoice on January 10, 2020, ten (10) days after the final extended due date of December 31, 2019. On the same day, the Respondent sent a letter to the Appellant indicating that her payment was late and imposed penalty and interest fees in the amount of Eight Thousand Five Hundred Ninety-Five and 09/100 Dollars (\$8,595.09). Later, the Respondent discovered that the interest calculation was incorrect and recalculated the interest due to Seven Thousand Six Hundred Fourteen and 74/100

Dollars (\$7,614.74) and a penalty of Six Thousand Seven Hundred Forty-One and 24/100 Dollars (\$6,741.24), for a total of Fourteen Thousand Three Hundred Fifty-Five and 98/100 Dollars (\$14,355.98).

The Respondent argues that the penalty and interest for the failure to timely pay inheritance tax is calculated from the "determination date". The Respondent relies on Section 7-217(a) of the Tax-General Article, Annotated Code of Maryland, which provides that "...the person responsible for paying the inheritance tax shall pay the tax when the Register determines the amount due, at the time that the representative accounts for the distribution of property in the estate." "Interest on unpaid inheritance tax begins...30 days after the date on which the tax is determined." Tax-General Article, Section 13-601(c), "If a person fails to pay a tax when due under this article, the tax collector shall assess a penalty not exceeding 10% of the unpaid tax."

Unfortunately, the invoices billed to the Appellant do not set forth that tax is due when the tax is determined by the Register of Wills. The invoices clearly state a due date which is thirty (30) days after the invoice date with no reference to a determination date or a date of determination. There is no notice on either the inheritance tax invoice or the extensions granted of the due date that interest and penalties would be imposed based on the original due date. The Personal Representative reasonably relied on the terms listed on the invoice which stated that if payment is not received within thirty (30) days, interest and penalty will be assessed. The payment of the tax was made by the Personal Representative from her personal funds within thirty (30) days of the extended due date. Moreover, the facts of this case provide reasonable cause for the Register of Wills to waive the penalty and interest.

Accordingly, it is, this 24<sup>th</sup> day of August, 2021, ORDERED,  
by the Maryland Tax Court, that Respondent's assessment and imposition of any interest and  
penalty on the non-probate inheritance tax payment is hereby REVERSED.

CC: Michele M. Toth, Esq.  
Mark H. Weisner, Esq.

**CERTIFIED TRUE COPY**  
**TEST:** John T. Hearn, Clerk

**NOTICE:** You have the right of appeal from the above Order to the Circuit Court of any County or Baltimore City, wherein the property or subject of the assessment may be situated. The Petition for Judicial Review **MUST** be filed in the proper Court within thirty (30) days from the date of the above Order of the Maryland Tax Court. Please refer to Rule 7-200 et seq. of the Maryland Rules of Court, which can be found in most public libraries.