



COMPTROLLER
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MARYLAND SALES AND USE TAX FACTS

A newsletter for sales and use tax licensees

July 2011 – June 2012

Comptroller Peter Franchot

ALCOHOLIC BEVERAGE SALES AND USE TAX

Beginning July 1, 2011, a flat 9% sales and use tax rate applies to the taxable price of alcoholic beverages.

Please note: Taxpayers who must include or report sales and use taxes for the 9% rate on the taxable price of alcoholic beverage sales may not file returns and remit tax using the EFT ACH (Electronic Funds Transfer Automated Clearinghouse) option. The ACH option does not accommodate the complexity of the information required to be submitted by these taxpayers. In lieu of the ACH option, taxpayers who must include or report sales and use taxes for the 9% rate and who are required to file electronically must use the Comptroller's *bFile* web application at www.marylandtaxes.com to fulfill their electronic submission requirement.

DIRECT WINE SHIPPING

Beginning July 1, 2011, a person licensed outside of the state to engage in the manufacture of wine or a holder of a state-issued Class 3 manufacturer's (winery) license is required to apply and receive a direct wine shipper's permit from the Comptroller's Office to engage in shipping wine directly to a personal consumer in the state. A direct shipper must ship wine into this state through a person who holds a common carrier permit issued by the Comptroller's Office.

A direct wine shipper is required to collect sales and use tax on sales into this state and must file quarterly returns with the Comptroller's Office.

RENEWING DRIVER'S LICENSE AND VEHICLE REGISTRATION

Beginning June 1, 2011, state law requires that individuals and businesses that have unpaid, undisputed state tax liabilities and/or unpaid unemployment insurance contributions must satisfy the debt(s) prior to renewing a Maryland driver's license or vehicle registration.

TAX-FREE PERIODS

The 2007 Special Session of the Maryland General

Assembly enacted legislation providing for two tax-free periods beginning in 2010 and 2011. Listed below is information pertaining to each tax-free period.

Shop Maryland-Tax-Free Week on Clothing and Footwear, Excluding Accessory Items

Beginning in calendar year 2010 and each year thereafter, there will be a one week tax-free period for back-to-school shopping in Maryland during August in which the sales and use tax does not apply to the sale of any items of clothing or footwear, excluding accessory items, if the taxable price of the item of clothing or footwear is \$100 or less. The 2011 tax free period will occur the week of August 14-20. Accessory items, which are not exempt from the sales and use tax during the tax-free week include jewelry, watches, watchbands, handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles.

Shop Maryland Energy-Tax-Free Weekend on Energy Star Products

Beginning in calendar year 2011 and each year thereafter, there will be a tax-free three-day weekend during February in which the sales and use tax will not apply to the sale of any Energy Star Product listed below. The 2012 tax free weekend will occur the weekend of February 18-20. Energy Star Product means an air conditioner, clothes washer, or dryer, furnace, heat pump, standard size refrigerator, compact fluorescent light bulb, dehumidifier, programmable thermostat or boiler that has been designated as meeting or exceeding the applicable Energy Star efficiency requirements developed by the U.S. Environmental Protection Agency and the U.S. Department of Energy.

ALLOWANCE TO VENDORS FOR COLLECTION AND TIMELY REMITTANCE OF TAX

The discount allowed vendors for timely filing and payment of sales and use tax was changed during the 2007 Special Session of the Maryland General Assembly. The discount is now computed at 1.2% of the

first \$6,000 of tax due and 0.9% of taxes in excess of \$6,000. Effective January 3, 2008, however, the credit allowed under this computation is capped at \$500 for each return. If a vendor files or is eligible to file a consolidated return, the total maximum discount allowed for all returns for any one period is \$500. The change is effective for a timely-filed return with a due date of January 3, 2008 or later. This \$500 limit is now permanent.

FREE ASSISTANCE

Web site: www.marylandtaxes.com

- File business taxes electronically, using *bFile*.
- Pay existing income and business tax liabilities online, using *BillPay*.
- Register business tax accounts online.
- Verify sales tax exemption certificates online.
- Use other online services.

Taxpayer Service: Call 410-260-7980 from Central Maryland or 1-800-638-2937 from elsewhere.

Central Registration Unit: For help in completing the Combined Registration Application, call 410-767-1313. You can also fax your completed application to 410-260-7908 or complete and file the application online at www.marylandtaxes.com.

Refund Unit, Compliance Division: For information about sales and use tax, admissions and amusement tax and tire fee refunds, call 410-767-1538.

License Bureau, Investigative Services Unit: To determine if special licenses are required, call 410-260-6240.

No Tax Due? If you have no tax due for the filing period, you may telefile your business tax return at 410-260-7225. You can also file your business tax return electronically, using *bFile*.

FREE PUBLICATIONS

Listed below are just some of the many business tax tips available online at www.marylandtaxes.com. You can also request them by telephone by calling Taxpayer Service at 410-260-7980 from Central Maryland or 1-800-638-2937 from elsewhere:

- # 1 - Preparing your sales and use tax return
- # 2 - What sales records do I need to keep?
- # 3 - Sales and use tax on out-of-state purchases
- # 4 - If you make purchases for resale
- # 5 - How are sales of food taxed in Maryland?
- # 6 - Retail sales involving exemption certificates
- # 7 - Are repairs to personal property taxable?

- # 8 - Computing Maryland's sales and use tax
- # 9 - Sales and use tax exemptions for production activities.