

Business Tax Tip #16

Maryland Tire Recycling Fee and You

What is the tire recycling fee?

It is a fee on each new tire sold in Maryland. The fee applies to the first sale of a tire in Maryland which is not a sale to a tire wholesaler.

How much is the fee?

The fee is 80 cents on each new tire.

Are any retail customers exempt from paying the fee?

No. By its nature, the fee is imposed on tire sellers and not purchasers. For this reason, there are no exemptions for retail customers. The fee is applicable to sellers for tires purchased by nonprofit organizations of any description, federal, state and local governments, and diplomats.

When is the fee applicable to tires purchased from out-of-state?

The tire recycling fee applies to the first sale in Maryland which is not a sale to a tire wholesaler or an out-of-state retailer. If a retailer acquires tires from out-of-state and the only sales which take place in Maryland are the sales to retail customers, the fee becomes payable when the retail sales are made.

If I am a retailer who must pay the fee when I sell tires to retail customers, am I required to pay the fee on no charge replacement tires?

No. The tire recycling fee is payable only in the case of sales. However, the fee is payable on a tire that is sold at a reduced price pursuant to a guarantee.

Is an out-of-state manufacturer or wholesaler who makes sales to retailers through traveling salesmen required to sell the tires on a fee-paid basis?

The fee is applicable if the orders are placed in Maryland. If the orders are placed at the out-of-state home offices of the manufacturer or wholesaler, the fee will not apply until a subsequent sale is made.

Do I report the recycling fees due on my regular Maryland sales and use tax report?

No. Separate reports are provided for this purpose. All registrants must file semi-annually in January and July.

Do I have to keep any records to prove I paid the fee if I am a tire dealer?

Yes. You must keep the following records for four years unless the comptroller agrees that they may be destroyed earlier:

- Sales and purchase invoices.
- Records of out-of-state sales.
- Journals.
- Ledgers.
- Inventory records.
- Bank statements.
- Wholesaler certificates, where required.

Who must pay the tire recycling fee to the state?

If you are a tire wholesaler or a tire retailer who buys tires from out-of-state sources, you must register to pay the tire recycling fee. Wholesalers must sell tires to retailers on a fee-paid basis only. Buyers who are not tire wholesalers may not buy tires free of the fee from Maryland wholesalers and then remit the fee directly to the State Comptroller.

Who does not need to register for the recycling fee?

Tire dealers and service station operators who purchase all their tires from Maryland wholesalers do not have to register to pay the recycling fee.

Who is a tire wholesaler?

A tire wholesaler is a person who routinely sells tires to a person who is not a consumer. A tire wholesaler may also be a person who sells tires at both retail and wholesale. However, a person who sells a minimal number of tires on an irregular and non-continuous basis to other tire dealers is not a tire wholesaler.

Can a new car dealer be considered a tire wholesaler?

Yes. A new car dealer who routinely sells new cars to other dealers is a tire wholesaler for the purpose of the tire recycling fee. A new car dealer who is a tire wholesaler may acquire tires, including tires mounted on new vehicles, free of the fee.

I operate a number of wholesale locations. Do I need a separate tire recycling fee account for each location?

No. Unlike the sales and use tax, there is no requirement to maintain a separate account for each location. A single return should be filed covering all of a tire dealer's locations.

How do I register for the tire recycling fee?

You may register for the tire recycling fee by filing a [Combined Registration Application](#) with the Comptroller's Office. If you have a business tax registration with the Comptroller's Office, we can open a tire recycling fee account for you in just minutes by telephone. Telephone registration eliminates the need for you to fill out a Combined Registration Application. Just give us a call at 410-767-1300 in the Baltimore area or toll-free from elsewhere in Maryland at 1-800-492-1751.

What tires are covered by the recycling fee?

Pneumatic tires intended for use on a motor vehicle or on any vehicle designed to be transported or towed by a motor vehicle are covered. The fee also specifically applies to new tires sold with new cars, trailers, farm equipment or similar machinery. However, the fee is not applicable to bicycle tires.

If I sell a new car, is the recycling fee applicable to a spare or "doughnut" tire included with the car?

Yes, in this situation, the dealer is responsible for the tire recycling fee on five tires.

Does the recycling fee apply to sales of retreads or used tires?

No. Only new tires are subject to the fee.

Is a wholesaler or manufacturer who sells tires to a retailer required to show the recycling fee as a separate item?

Yes. The fee must be shown separately in these sales.

Do I have to show the tire recycling fee as a separate item in a retail sale?

No. If you elect to show it separately, the tire recycling fee is not subject to the Maryland sales and use tax. However, if the fee is included in a lump sum charge for a retail sale of a new tire, the fee will be subject to Maryland sales and use tax as part of the taxable price of the tire.

How are sales to tire wholesalers handled?

The tire recycling fee does not apply to sales of tires to a tire wholesaler. If a tire dealer does not know or cannot ascertain whether or not a buyer is a tire wholesaler, the dealer should request a written certificate from the buyer certifying that the buyer is a tire wholesaler.

What should a tire wholesaler certificate say?

The certificate need not be in a particular form, but it should be signed, set forth the buyer's name and address and contain the buyer's recycling fee account number. It is not necessary to have a certificate for each purchase.

How can I tell whether a buyer's recycling fee account number is valid?

A recycling fee account is an eight-digit number and contains no alphabetic characters. The validity of a number can easily be verified by calling Taxpayer Service at 410-767-1300 in the Baltimore area or toll-free from elsewhere in Maryland at 1-800-492-1751.

If I take a tire wholesaler certificate from a customer, am I relieved of all liability for the tire recycling fee on sales to that customer?

No. A certificate does not relieve a tire dealer from paying the fee unless it is accepted in good faith. A tire dealer who knows or should know that the buyer is not a tire wholesaler is required to pay the fee on tires sold to that buyer without regard to any certificate which that buyer may provide.

How do I prepare my Maryland Tire Fee Report?

Instructions are provided below for each line on the report.

Line 1 - Enter the number of tires subject to the tire recycling fee. The tire recycling fee is imposed on the first sale of a new tire in Maryland to anyone other than a wholesaler.

Line 2 - Multiply the number of tires on line 1 by the rate per tire shown on line 2 to determine the fee amount due.

Line 3 - Enter the fee amount due.

Lines 4 and 5 - If this return with payment is not filed by its due date, you must include a penalty of 10 percent of the fee due (shown on line 3) plus interest of 1.08 percent of the fee due (line 3) for each month or fraction of a month past the due date. Enter the penalty on line 4 and the interest on line 5.

Line 6 - If this return is filed timely you may take a discount of 0.6 percent. Multiply the amount on line 3 by .006 and enter the total on line 6.

Line 7 - If you have a current Statement of Account which shows a balance due which you have not yet paid, enter the amount due on this line and show it as an additional amount by entering a plus sign (+) inside the brackets. If you have a credit due you from a previous overpayment, enter that amount on this line and show it as a reduction of the amount due with this return by entering a minus sign (-) inside the brackets.

Line 8 - Combine the amounts on line 3 through 7. Enter the total on line 8. See this [sample](#) for illustration purposes only. Do not use the sample as an actual return.

If you need a return, call 410-767-1300 from the Baltimore area or toll-free 1- 800-492-1751 from elsewhere in Maryland. You can also contact our [taxpayer service offices](#).

What are important things to remember when filling out my Maryland Tire Fee Report?

Double-check your arithmetic and sign your return.

Use the form we send you, not a photocopy or a computer-generated report. The magnetic scan line at the bottom of the original form contains data we need to process your return. Failure to use the original form requires special processing for your return.

File your return on time. The filing period and the date are printed in the upper right-hand corner of each return. You must file a timely return, even if you have no sales or fee to report. If you do not file on schedule, your account is recorded as delinquent.

Make your check or money order payable to the Comptroller of Maryland.

Where should I mail my report?

Mail your return (using the envelope provided) to the following address: Revenue Administration Division
Comptroller of Maryland Remittance Processing Center 110 Carroll St.
Annapolis, MD 21411-0001

What if I have further questions or need assistance with the return?

If you need assistance with the tire fee return, contact [Taxpayer Service](#) or one of our [taxpayer service offices](#).