

FREQUENTLY ASKED QUESTIONS ON THE MARYLAND MOTOR FUEL TAX HOLIDAY

Updated March 31, 2022

**New.* This version of Frequently Asked Questions supersedes the previous version published March 18, 2022. In question 13, an error in the instructions for paper IFTA filers has been corrected, and a link has been updated.*

*On March 18, 2022, Governor Lawrence J. Hogan, Jr. signed into law Senate Bill 1010/House Bill 1486, Motor Fuel Taxes – Tax-Free Period. **The motor fuel tax-free period begins March 18, 2022 and ends at 11:59 pm on April 16, 2022.***

This document offers guidance to the motor fuel industry on the administration of motor fuel taxes during the tax-free period. For answers to questions frequently asked by consumers, see: [Maryland Consumer FAQ Gas Tax Holiday \(marylandtaxes.gov\)](https://www.marylandtaxes.gov)

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1. When does the motor fuel tax-free period begin and end?

The Motor Fuel Taxes – Tax-Free Period, as emergency legislation, goes into immediate effect upon the Governor’s signature. The tax-free period begins upon the signing of the bill on Friday, March 18, 2022, and ends Saturday, April 16, 2022, at 11:59 pm. Sales to qualifying motor fuel retailers and to end-users are prohibited from including the motor fuel tax in the price of fuel during the tax-free period.

Qualifying retailers must exclude motor fuel tax from the price beginning on March 18. Qualifying retailers may recommence including motor fuel tax in the price of fuel at 12:00 am on April 17, 2022.

2. Who is a qualifying retailer?

A qualifying retailer is a person possessing tax-paid qualifying fuels for sale on the effective date of this Act.

3. What fuel is exempt during the tax-free period?

Qualifying fuels are exempt from the motor fuel tax during the tax-free period. Qualifying fuels are gasoline, other than aviation gasoline; special fuels other than turbine fuel; and the gasoline equivalent gallon of clean burning fuels, excluding electricity.

4. What sales are exempt from the motor fuel tax?

The motor fuel tax is suspended on sales of qualifying fuels sold to qualifying retailers or to end-users during the tax-free period.

5. I am a qualifying retailer of motor fuel. Can I get a refund of the taxes I already paid on fuel?

The bill authorizes the Comptroller to issue a refund advance to qualifying retailers. Qualifying retailers holding tax-paid fuel for sale on the premises on March 18, 2022, may request a refund advance.

A qualifying retailer wishing to request a refund advance must take an inventory of tax-paid fuel on hand at the beginning of the tax-free period and submit the application with supporting documentation by the posted deadline.

6. Who may not request a refund advance?

Qualified retailers who do not have tax-paid fuel for sale on hand on March 18, 2022, are not eligible to request a refund advance.

End-use consumers may not request a refund from the Comptroller for any motor fuel tax paid in error during the motor fuel tax-free period.

7. How do I request a refund advance?

To request a refund advance, submit Maryland Form 779-R, Inventory - Tax-Free Period Refund Application. The form and instructions can be found here: [Gas Tax Holiday: Information for Retail and Wholesale Sellers and Motor Carriers \(marylandtaxes.gov\)](https://www.marylandtaxes.gov/gas-tax-holiday-information). The Comptroller will not issue refund advances automatically; qualifying holders must file an application.

Owners of multiple retail stations may request a refund for all stations by submitting a single Form 779-R with accompanying Schedule(s) 779-RM. Complete a Schedule 779-RM for each product type for which you are claiming the refund advance. A tank gauge, stick, or meter reading for each product type at each location must be submitted with the form.

Requests for refund advances of motor fuel tax paid on fuel held on the premises at the start of the tax-free period must be submitted by May 2, 2022.

If a qualified retailer does not have stored tax-paid fuel for resale on the premises at the start of the tax-free period, they are not entitled to a refund advance and should not submit Maryland Form 779-R.

Qualified retailers of tax-unpaid motor fuel that are not authorized to maintain untaxed inventory at the end of the tax-free period must pay floor tax at the end of the tax-free period. See question 12 below.

8. How long will it take to get my refund advance?

The Comptroller reviews and processes refund advance requests daily. The Comptroller cannot guarantee a time within which you will receive the refund advance. Submitting the proper refund request documentation via email to gastaxholiday@marylandtaxes.gov will result in the quickest refund advance.

9. Can I receive my refund advance by direct deposit?

No. All motor fuel tax refund advances are issued by paper check.

10. Is the refund advance subject to offset?

Yes. If the qualified retailer has a tax balance or outstanding liability subject to offset, Maryland law requires the advance refund be applied to the balance. The debt may be a Maryland non-tax debt or a federal liability. The requirement to offset may only be changed legislatively; the Motor Fuel Taxes, Tax-Free Period bill did not include an exception to the offset rule.

If the refund advance exceeds the amount owed, you will receive a check for the amount that exceeds the balance. If your balance exceeds the refund advance amount, the balance will be reduced by the amount of the refund advance, and you will not receive a check.

11. Where do I submit the request for refund advance?

Email requests for refund advance to: GASTAXHOLIDAY@marylandtaxes.gov.

Paper forms may be mailed to:

**Comptroller of Maryland
ATTN: GAS TAX HOLIDAY
301 W. Preston Street
Suite 203
Baltimore, Maryland 21201**

For questions on refund advances, call **(833) 913-2901**.

12. What do I do when the tax-free period ends?

The tax-free period ends on April 16, 2022, at 11:59 pm. At 12:00 am on April 17, 2022, all transactions subject to the motor fuel tax resume.

Any person holding tax-unpaid motor fuel that is not authorized to maintain untaxed inventory must take inventory of tax-unpaid fuel on the premises at the end of the tax-free period. Within 30 days of the end of the tax-free period, those holders must submit Maryland Form 779,

Inventory – Tax Adjustment, and pay tax owed on tax-unpaid fuel held for sale on the premises that was not sold during the tax-free period. The form will be found at marylandtaxes.gov.

13. How should I complete the IFTA return that includes the Maryland motor fuel tax-free period?

IFTA filers using the online Explore portal, all Maryland miles traveled and fuel gallons purchased in Maryland between March 18, 2022, and April 16, 2022, at 11:59 pm must be reported as non-IFTA (non-taxable) miles and non-IFTA (tax-free) gallons, respectively.

IFTA filers using the paper form IFTA-101, should report tax-free fuel gallons purchased in Maryland between March 18, 2022, and April 16, 2022 in the Total Gallons, but these gallons should be excluded from Tax-Paid Gallons. Miles traveled in Maryland between March 18, 2022, and April 16, 2022, must be reported with Total IFTA Miles but should be excluded from Taxable Miles. The difference between the Total IFTA Miles (Total Miles in the MPG calculation) and Taxable Miles will reflect the non-taxable miles travelled during the period. All mileage and fuel records must still be maintained during the tax-free period to support filed IFTA returns. More information for motor carriers can be found in the Notice to Maryland Registered Motor Carriers here: [Gas Tax Holiday: Notice to Maryland Registered Motor Carriers Re: Motor Fuel Taxes – Tax-Free Period \(marylandtaxes.gov\)](http://marylandtaxes.gov).

14. How will the tax-free period effect my MFT tax return that includes the Maryland motor fuel tax-free period?

For licensees conducting transactions that are tax-free due to the Gas Tax Holiday and noted by transaction dates from March 18, 2022, through April 16, 2022, special reporting instructions apply. The tax-free sales are to be reported on Disbursement Schedule 10 of Form 769. A separate form for each product code detailing the applicable tax-free sales transactions must be prepared and clearly labeled “Gas Tax Holiday Sales” above the schedule type & product code box. The Disbursement Schedule 10 must list all transactions by customer and enter a subtotal of all sales for each. All transaction detail must be completed for columns 1 – 10 of Form 769. The sum of all Disbursement Schedule 10’s is to be detailed on Line 14 of your worksheet (Form 776-2).

The tax-free purchases are to be reported on Receipt Schedule 2 of Form 768. A separate form for each product code detailing the applicable tax-free sales transactions must be prepared. The Receipt Schedule 2 must list all transactions by customer and enter a subtotal of all receipts for each. All transaction detail must be completely filled in for columns 1 – 10 of Form 768. The sum of all Receipt Schedule 2’s is to be detailed on Line 3 of your worksheet (Form 776-2).