



COMPTROLLER  
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# MARYLAND SALES AND USE TAX FACTS

A newsletter for sales and use tax licensees

*July 2013 – June 2014*

Comptroller Peter Franchot

## 911 FEE SURCHARGE

Beginning July 1, 2013, sellers of prepaid wireless telecommunications services are required to report and remit to the Comptroller all Prepaid Wireless E 9-1-1 Fees collected by the seller for retail transactions of prepaid wireless telecommunications. "Prepaid wireless telecommunications" service means a commercial mobile radio service that: 1) allows a consumer to dial 9-1-1 or access 9-1-1 service; 2) must be paid for in advance; and 3) is sold in predetermined units that decline with use in a known amount. The 60¢ fee is collected by the seller from the consumer for each retail transaction in Maryland. A retail transaction occurs in Maryland if: 1) the sale or recharge takes place at the seller's place of business located in Maryland; 2) the consumer's shipping address is in Maryland; or 3) no item is shipped, but the consumer's billing address or the location associated with the consumer's mobile telephone is in Maryland. The Prepaid Wireless E 9-1-1 Fee is not subject to Maryland sales and use tax.

Sellers of prepaid wireless telecommunications services are required to report and remit to the Comptroller all Prepaid Wireless E 9-1-1 Fees collected by the seller. A seller shall report and remit all Prepaid Wireless E 9-1-1 Fees collected by the seller to the Comptroller in the manner provided for remitting sales and use tax. Please see Form 202, Sales and Use Tax Return to report and remit.

## GAS TAX

Beginning July 1, 2013 and on July 1 of each subsequent year, the motor fuel tax rate on all fuels except aviation gasoline and turbine fuel will be increased. On or before June 1 of each year, the Comptroller will determine and announce: (1) the growth in the Consumer Price Index for all urban consumers; and (2) the motor fuel tax rates effective for the fiscal year beginning on the following July 1. Any increase in the motor fuel tax rates may not be greater than 8% of the previous year's rate.

Also, beginning July 1, 2013, a sales and use tax equivalent rate is imposed on all motor fuel except for aviation and turbine fuel. On certain dates, the Comptroller is required to determine and announce: (1) the average annual retail price of motor fuel; and (2) the sales and use tax equivalent rate effective on the first day of the following month. The sales and use tax equivalent rate is determined by multiplying the average annual retail price by a certain percentage rate, and rounding the product to the nearest tenth of a cent. The percentage rate used to calculate the sales and use tax equivalent rate effective on July 1, 2013 will be 1%. The sales and use tax equivalent rate will be added to the motor

fuel tax rate, and collected in the same manner as the motor fuel tax. Generally, all references to the motor fuel tax in State law and regulations apply to the sales and use tax equivalent rate.

For the first increase in the motor fuel tax rate and the sales and use tax equivalent rate, and for each subsequent rate increase, anyone possessing tax-paid motor fuel for sale at the start of business on the date of an increase must compile and file with the Comptroller an inventory of the motor fuel held at the close of business on the previous day and remit within 30 days any additional tax that is due on the motor fuel. Please see Form 779 on the Comptroller's Web site, [www.marylandtaxes.com](http://www.marylandtaxes.com) to report and remit the additional tax due.

## TAX-FREE PERIODS

The 2007 Special Session of the Maryland General Assembly enacted legislation providing for two tax-free periods beginning each year. 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 2013 tax-free period will occur the week of August 11-17. 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 2014 tax-free weekend will occur the weekend of February 15-17. 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 meets or exceeds the applicable Energy Star efficiency requirements developed by the U.S. Environmental Protection Agency and the U.S. Department of Energy. Please note that no dryers meet the requirements for an Energy Star rating and therefore dryers will not qualify for exemption during this tax-free period.

## FREE ASSISTANCE

Web site: [www.marylandtaxes.com](http://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 410-260-7980 from Central Maryland or 1-800-638-2937 from elsewhere.

You can also fax your completed application to 410-260-7908 or complete and file the application online at [www.marylandtaxes.com](http://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](http://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.

### **IMPORTANT ACH NOTICE**

#### **EFT ACH NOT AVAILABLE FOR SALES AND USE TAX FILINGS AFTER AUGUST 1, 2013**

Beginning August 1, 2013, taxpayers may no longer include or report sales and use taxes using the EFT ACH (Electronic Funds Transfer Automated Clearinghouse) option. Taxpayers required to pay by immediately available funds can do so by filing online for free using bFile at [www.marylandtaxes.com](http://www.marylandtaxes.com), or pay by credit card online at [www.officialpayments.com](http://www.officialpayments.com) or by calling 1-800-2PAYTAX. If you are new to bFile, please verify that your financial institution will accept debit transactions.