

Tax Alert



Tax Alert Comptroller of Maryland
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NEW EXTENDED DEADLINES FOR CERTAIN MARYLAND TAX FILINGS AND PAYMENTS IN 2021

The state of emergency related to COVID-19 proclaimed by Governor Lawrence J. Hogan, Jr. on March 5, 2020 continues. Due to the economic impact on individuals and businesses, the Comptroller has extended due dates for certain tax types.

This tax alert addresses additional actions taken by the Office of the Comptroller of Maryland due to the hardships caused by the COVID-19 pandemic. Tax Alert 04-14-20A announced the revised due dates for Maryland returns and payments with statutory due dates falling between April 1, 2020 and July 14, 2020. Tax Alert 01-06-21 provides notice of deadline relief expanded to certain taxes with statutory filing or payment deadlines between January 1, 2021 and April 14, 2021. Please see below for details of the relief being offered for each tax type.

The information in this Tax Alert applies only to tax filings under the authority of the Comptroller, as described below. Taxpayers may need to consult other state agencies regarding the deadlines for other tax filings (e.g., personal property, unemployment insurance).

Extension of Time for Corporate and Pass-Through Entity Income Tax Filings and Payments

By law, corporate and pass-through entity income tax returns and remittances for fiscal-year taxpayers are due on or before the 15th day of the fourth month after the end of the entity's tax year.¹ *Due to the ongoing state of emergency, the Comptroller finds that good cause exists to extend the time to file corporate and pass-through entity income tax returns with statutory due dates between January 1, 2021 and April 14, 2021 to April 15, 2021.* Additionally, corporate and pass-through entity income tax remittances with statutory due dates between January 1, 2021 and April 14, 2021 are extended to April 15, 2021. Interest and penalty shall be assessed on any unpaid tax from April 16, 2021 until the date the tax is paid.

Corporations and S-Corp entities who are calendar year filers and who are filing quarterly declarations of estimated income tax for tax year 2020 are required to file their declaration and make their 4th quarter payment on or before December 15, 2020. For fiscal-year corporate and pass-through entity filers, the declarations and remittances are due on or before the 15th day of the 4th, 6th, 9th, and 12th month following the beginning of the fiscal year. *Due to the state of emergency, the Comptroller finds that good cause exists to extend the time to file corporate*

¹ Tax General Article § 10-821(a)(1)(ii).

and pass-through entity estimated income tax declarations and payments due between January 15, 2021 and April 14, 2021 to April 15, 2021. The extension to April 15, 2021 for filing of corporate and pass-through entity income tax returns and payment of taxes with a statutory due date of January 1, 2021 through April 14, 2021, as well as estimated tax payments for fiscal year filers, is automatic; no filing or request is required to take advantage of the extended deadline. If no tax is due and you requested a federal extension, you do not need to file a Form 500E, 510E, or take any other action to obtain an automatic extension to November 15.

Typically, a claim for refund must be filed within three years of the due date of the return.² The extension for filing of returns and payment of income tax owed also extends the statute of limitations for filing a claim for refund of income tax for returns filed with a statutory due date between January 1, 2021 and April 14, 2021. Claims for refund for these returns must be filed no later than April 15, 2024.

New Extensions for Other Business Taxes

Electronic filing remains the most efficient way to file Maryland business tax returns. bFile allows you to file many business tax returns online for free.

Sales and use tax

Generally, sales and use tax returns are due on or before the 20th day of the month that follows the month in which a vendor made a retail sale.³ The payment of sales and use tax must accompany the return.⁴ The Comptroller may extend the time to file a sales and use tax return for good cause.⁵ *The Comptroller is extending the time to file sales and use tax returns that are due between January 20, 2021 and April 14, 2021 to April 15, 2021.* This affects returns for sales taking place in December 2020, January 2021, and February 2021. Sales and use tax returns, and their accompanying payments, may be submitted by April 15, 2021 without incurring interest or penalties.

Do not combine separate reporting periods into a single return. Instead, file the separate returns reflecting the sales and the tax collected for each filing period as if they had been filed according to their original due dates.

Withholding

Generally, every employer must withhold estimated income tax from employees' wages and submit estimated payments to the Comptroller.⁶ *The Comptroller is extending the time to file withholding returns and make withholding payments for periods beginning January 1, 2021 through March 31, 2021 to April 15, 2021.* This affects withholding payments due for periods including January, February and March of 2021, but does not include any payment due with the 2020 year end withholding reconciliation due on or before January 31, 2021. Any withholding payments originally due between February 1, 2021 and April 14, 2021 may be submitted by April 15, 2021 without incurring interest or penalties.

² TG § 13-1104(a)

³ TG § 11-502(a)(1)

⁴ TG § 11-601(a)-(b)

⁵ TG § 11-503

⁶ TG § 10-906(a)

Please note, withholding returns and payments for all periods through December 31, 2020, including the 2020 year end reconciliation due in January are due on their statutory due dates.

Do not combine withholding for separate reporting periods into a single return. Instead, file the separate returns reflecting the tax withheld for each filing period as if they had been filed according to their original due dates.

For information on employer withholding requirements for teleworking employees, see Tax Alert 4-14-20B EMPLOYER WITHHOLDING REQUIREMENTS FOR TELEWORKING EMPLOYEES DURING THE COVID-19 EMERGENCY.

Admissions and amusement tax

The due date for returns and payments of admissions and amusement tax is usually the 10th day of the month that follows the month in which the person has gross receipts subject to the admissions and amusement tax, and for other periods that the Comptroller specifies by regulation.⁷ The payment must accompany the return.⁸ The Comptroller is authorized to abate interest and late charges for cause shown. Abatements may be made by the Comptroller without a request if qualification can be determined on an automated basis.⁹ *The Comptroller is extending the due date for admissions and amusements tax returns due between January 10, 2021 and April 14, 2021 to April 15, 2021.*

Admissions and amusement returns and payments for gross receipts derived from events occurring in December of 2020, and January, February and March of 2021 may be submitted by April 15, 2021 without incurring interest or penalties.

Do not combine admissions and amusement tax for separate reporting periods into a single return. Instead, file the separate returns reflecting the admissions and amusement tax collected for each filing period as if they had been filed according to their original due dates.

Alcohol taxes

A person who holds a Class E, F, or G alcoholic beverage license must file an alcoholic beverage tax return by the 25th day of the month following the month the person sells any alcoholic beverage.¹⁰ Manufacturer and wholesaler returns are generally due by the 10th day of the month that follows the month the manufacturer or wholesaler sells an alcoholic product.¹¹ Resident and nonresident dealers' returns are due by the 15th day of the month following a month in which a nonresident dealer delivers beer into the state.¹² Direct wine shippers must file alcoholic beverage returns quarterly.¹³ Payment of the alcoholic beverage tax, in the manner prescribed by the Comptroller, must accompany the return.¹⁴ *The Comptroller is extending the due date for alcohol tax returns and payments due between January 1, 2021 and April 14, 2021*

⁷ TG § 4-201

⁸ TG § 4-301

⁹ COMAR 03.06.03.03

¹⁰ TG § 5-201(a)(1)

¹¹ TG § 5-201(b)(1)(i)

¹² TG § 5-201(c)(1), (e)

¹³ TG § 5-201(d)

¹⁴ TG § 5-301

to April 15, 2021. Alcohol tax returns (both those that include payments and those that do not include payments) may be submitted by April 15, 2021, without incurring interest or penalties.

Beer taxes must be prepaid.¹⁵ However, the Comptroller may increase or decrease the amount of prepayment.¹⁶ *The Comptroller is extending the due date for beer tax payment to April 15, 2021.* Beer tax payments may be submitted by April 15, 2021 without incurring interest or penalties.

Tobacco taxes

In general, manufacturers' tobacco tax returns and payments are due by the 15th of each month, reporting the previous month's activity.¹⁷ Manufacturers must submit payment with the return.¹⁸ *The Comptroller is extending the due date for tobacco tax returns and payments to April 15, 2021.* Manufacturers' returns for activity from December, 2020, January, February and March, 2021 may be submitted by April 15, 2021 without incurring interest or penalties.

Do not combine tobacco tax for separate reporting periods into a single return. Instead, file the separate returns reflecting the tobacco tax remitted for each filing period as if they had been filed according to their original due dates.

Cigarette and other tobacco products wholesalers' returns and payments are due by the 21st of the month that follows the month in which the wholesaler took possession of the product.¹⁹ *The Comptroller is extending the due date for cigarette and other tobacco products wholesalers' returns and payments due between January 21, 2021 and April 14, 2021 to April 15, 2021.*

Returns and payments for products to which wholesalers took possession December, 2020, and January, February and March, 2021, may be submitted by April 15, 2021 without incurring interest or penalties.

Wholesalers who first possess in the state unstamped cigarettes must pay the tax by buying and affixing tax stamps.²⁰ Wholesalers must continue to purchase and affix tax stamps to products that will be sold; wholesalers may not sell unstamped cigarettes.

Licensed retailers and tobacconists must file returns with payment quarterly for tax liabilities in the preceding quarter.²¹ Generally, liabilities incurred between July 21 and October 21 are due by January 21. *The Comptroller is extending the due date for returns and payments for licensed retailers and tobacconists to April 15, 2021.* Returns and payments for liabilities incurred between July 21, 2020, and October 21, 2020, may be submitted by April 15, 2021 without incurring interest or penalties.

Motor fuel taxes

The Comptroller is extending the due date for motor fuel tax returns and payments to April 15, 2021. Motor fuel tax returns and payments otherwise due between January 1, 2021, and April

¹⁵ COMAR 03.02.01.01.A(3)

¹⁶ COMAR 03.02.01.01B(4)

¹⁷ COMAR 03.02.04.01B(1)

¹⁸ TG § 12-302(a)

¹⁹ TG § 12-202(a)

²⁰ TG § 12-302(b)

²¹ TG § 12-302(d)

14, 2021 may be submitted no later than April 15, 2021 without incurring interest or penalties.²²

Tire recycling and bay restoration fees

The Comptroller is extending the due date for tire recycling reports and fees due in January, 2021²³ to April 15, 2021. Recycling reports and payments otherwise due in January, 2021 may be submitted no later than April 15, 2021 without incurring interest or penalties.

The Comptroller is extending the due date for Bay restoration fees to April 15, 2021. Bay restoration fees due on January 20, 2021²⁴ for the fourth quarter of 2020 may be paid no later than April 15, 2021 without incurring interest or penalties.

New Extension of Time for Individual and Fiduciary Declaration of Estimated Income Tax Filings and Payments

Individuals and fiduciaries who are calendar year filers and who are filing quarterly declarations of estimated income tax for tax year 2020 are required to file their declaration and make their 4th quarter payment on or before January 15, 2021.²⁵ For fiscal-year individual and fiduciary filers, the declarations and remittances are due on or before the 15th day of the 4th, 6th, 9th and 13th month following the beginning of the fiscal year. *Due to the state of emergency, the Comptroller finds that good cause exists to extend the time to file individual and fiduciary estimated income tax declarations and payments due between January 15, 2021 and April 14, 2021 to April 15, 2021.* The extension to April 15, 2021 for filing individual and fiduciary declarations of income tax and payments is automatic; no filing or request is required to take advantage of the extended deadline.

²² TG § 9-308

²³ COMAR 03.08.01.04

²⁴ Environment Article § 9-1605.2

²⁵ COMAR 03.04.01.02