

Bulletin



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No. AB-30

March 23, 2001

TO: All Wine and Distilled Spirits Wholesalers and Maryland Wineries

SUBJECT: Credit Control -- Reporting and Notification Requirements

Section A(4) of Regulation 03.02.01.04 provides in its entirety: *"A licensed wholesaler or licensed manufacturer shall report: (a) to the Comptroller those licensed retailers who do not pay an indebtedness for wine or distilled spirits on or before the established due date in the manner the Comptroller requires; and (b) to the licensed retailer simultaneously with the report filed with the Comptroller."*

It has been brought to our attention that some wholesalers or manufacturers who sell wine or distilled spirits to Maryland retailers have not been complying with one or both of these provisions. With respect to Subsection (a), there are some accounts who rarely, if ever, file credit control reports with this office, either through our automated Internet system or manually. It is difficult to believe that even a small licensee never has an account past due with a retailer. This is a mandated requirement and failure to report retailers who have not paid by the due date could result in administrative action against your license.

Subsection (b) deals with a lesser known, yet equally important, requirement. At the same time

that a credit control report is provided to the Alcohol and Tobacco Tax Division, wholesale and manufacturer licensees have the responsibility of notifying their retail accounts that they have been reported to the state and for what reason. This notification is required even if you are simultaneously forwarding a "clearance" report because the late payment was received before you filed the report with this office. Whether or not your specific report (and corresponding notice to the retailer) results in the retailer ultimately going on the credit control list is determined by the Alcohol and Tobacco Tax Division. Notification to the retailer is mandatory -- not optional. Such notice should be put in writing and mailed or faxed to the retail account. Licensees should be able to provide documentation that they have complied with this provision.

Your continued cooperation in complying with the provisions of the credit control regulation will be appreciated.

Charles W. Ehart, DPA
Director
Alcohol and Tobacco Tax Division

