



## 11-1

### 2011 Changes in the Sales and Use Tax Law

*The 2011 Maryland General Assembly passed the following changes to the Sales and Use Tax Law, which are effective July 1, 2011, unless otherwise indicated. Please note that not all the bills have been signed by the Governor as of the printing of this bulletin. If the bill is listed as an Act, it has been signed as of this date.*

**HB 72 – Budget Reconciliation and Financing Act:** This bill is effective June 1, 2011. This bill permanently caps the credit allowance for filing timely returns to \$500, which a vendor may claim against the gross sales tax remitted. The \$500 cap on the credit allowance is calculated in an amount equal to 1.2% of the first \$6,000 collected and 0.9% of the excess collection above \$6,000.

This bill requires that individuals and businesses that have unpaid, undisputed state tax liabilities and/or unpaid unemployment insurance contributions must satisfy the debt(s) prior to renewing a Maryland driver's license or vehicle registration.

**HB 499 – Admissions and Amusement Tax – Exemption – Hot Air Balloons:** This Act provides that a county or municipal corporation may not impose an admissions and amusement tax on the gross receipts of admission to or use of a nontethered hot air balloon.

**HB 823 – Sales and Use Tax – Nonprofit Food Vendors – Youth Sporting Events and 4-H Youth Events:** This bill expands the sales and use tax exemption for sales of food by nonprofit food vendors at a youth sporting event or 4-H event for individuals under 18 years old if there are no facilities for food consumption on the premises, unless the sale is within an enclosure where a charge is made for admission. The exemption includes sales of food, bottled water, soft drinks or carbonated beverages, or candy or confectionary.

**SB 248/HB 1175 – Alcoholic Beverages – Direct Wine Shipment:** The bills repeal the direct wine seller's permit and establish a direct wine shipper's permit and a common carrier permit. A holder of the direct wine shipper's permit is required to collect sales and use tax on the sales into the state, and file quarterly returns to report and remit the taxes.

**SB 398/HB 502 – Sales and Use Tax – Sale of Electricity Generated by Solar Energy and Residential Wind Energy Equipment – Exemption:** The bills expand the sales and use tax exemption for the sale of electricity for residential use and provide that the sales and use tax does not apply to the sale of electricity generated by solar energy equipment or residential wind energy equipment, as defined under Section 11-230 of the Tax-General Article, for use in residential property owned by an eligible customer-generator under Section 7-306 of the Public Utilities Article.

**SB 994/HB 1213 – Sales and Use Tax – Alcoholic Beverages – Supplemental Appropriation:** The bills impose a flat 9% sales and use tax rate on the taxable price of alcoholic beverages.

**Please note:** Taxpayers who must include or report sales and use taxes for the 9% rate on the taxable price of alcoholic beverage sales may not file returns and remit tax using the EFT ACH (Electronic Funds Transfer Automated Clearinghouse) option. The ACH option does not accommodate the complexity of the information required to be submitted by these taxpayers. In lieu of the ACH option, taxpayers who include or report sales and use taxes for the 9% rate and are required to file electronically must use the Comptroller's *bFile* web application at [www.marylandtaxes.com](http://www.marylandtaxes.com) to fulfill their electronic submission requirement.