

HOUSE BILL 1019

Q4

EMERGENCY BILL

1lr2251
CF 1lr2949

By: **Delegate Buckel**

Introduced and read first time: February 5, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Vendor Collection Credit**

3 FOR the purpose of authorizing a certain vendor credit for the collection and payment of
4 the sales and use tax; specifying eligibility requirements for and the amount of the
5 credit; prohibiting a vendor from claiming a certain credit if another credit is
6 claimed; authorizing an eligible vendor to claim the credit established under this Act
7 retroactively for certain months; requiring the Comptroller to pay a certain claim for
8 the credit from a certain account; making this Act an emergency measure; providing
9 for the termination of this Act; and generally relating to a sales and use tax vendor
10 collection credit.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 11–105
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2020 Supplement)

16 BY adding to
17 Article – Tax – General
18 Section 11–105.1
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2020 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
22 That the Laws of Maryland read as follows:

23 **Article – Tax – General**

24 11–105.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) Except as provided in subsections (b) and (c) of this section, a vendor
2 who timely files a sales and use tax return is allowed, for the expense of collecting and
3 paying the tax, a credit equal to 0.9% of the gross amount of sales and use tax that the
4 vendor is to pay to the Comptroller.

5 (2) The credit allowed under this section does not apply to any sales and
6 use tax that a vendor is required to pay to the Comptroller for any purchase or use that the
7 vendor makes that is subject to the tax.

8 (b) (1) Subject to paragraph (2) of this subsection, the credit allowed under this
9 section is 1.2% of the first \$6,000 of the gross amount of sales and use tax that the vendor
10 is to pay with each return.

11 (2) For a vendor who files or is eligible to file a consolidated return under
12 § 11-502 of this title, the credit allowed under paragraph (1) of this subsection is 1.2% of
13 the first \$6,000 of the gross amount of sales and use tax that the vendor is or would be
14 required to pay with the consolidated return.

15 (c) (1) The credit allowed under subsection (a) of this section may not exceed
16 \$500 for each return.

17 (2) For a vendor who files or is eligible to file a consolidated return under
18 § 11-502 of this title, the total maximum credit that the vendor is allowed under this section
19 for all returns filed for any period is \$500.

20 **(3) A VENDOR MAY NOT APPLY THE CREDIT ALLOWED UNDER §**
21 **11-105.1 OF THIS SUBTITLE FOR THE SAME PERIOD FOR WHICH THE VENDOR**
22 **APPLIES THE CREDIT ALLOWED UNDER THIS SECTION.**

23 **11-105.1.**

24 **(A) (1) THIS SECTION APPLIES TO A SALES AND USE TAX RETURN FILED:**

25 **(I) FOR A RETAIL SALE OR SALE FOR USE MADE DURING**
26 **CALENDAR YEAR 2021; AND**

27 **(II) BY A VENDOR WHO EMPLOYS LESS THAN 50 INDIVIDUALS.**

28 **(2) THIS SECTION DOES NOT APPLY TO A SALES AND USE TAX RETURN**
29 **FILED BY A MARKETPLACE SELLER, AS DEFINED UNDER § 11-101 OF THIS SUBTITLE.**

30 **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND EXCEPT**
31 **AS PROVIDED IN SUBSECTIONS (C) AND (D) OF THIS SECTION, A VENDOR WHO**
32 **TIMELY FILES A SALES AND USE TAX RETURN IS ALLOWED, FOR THE EXPENSE OF**
33 **COLLECTING AND PAYING THE TAX, A CREDIT EQUAL TO 15% OF THE FIRST \$10,000**

1 OF THE GROSS AMOUNT OF SALES AND USE TAX THAT THE VENDOR IS REQUIRED TO
2 PAY WITH EACH RETURN TO THE COMPTROLLER.

3 (2) FOR A VENDOR WHO FILES OR IS ELIGIBLE TO FILE A
4 CONSOLIDATED RETURN UNDER § 11-502 OF THIS TITLE, THE CREDIT ALLOWED
5 UNDER PARAGRAPH (1) OF THIS SUBSECTION IS 15% OF THE FIRST \$10,000 OF THE
6 GROSS AMOUNT OF SALES AND USE TAX THAT THE VENDOR IS OR WOULD BE
7 REQUIRED TO PAY WITH THE CONSOLIDATED RETURN.

8 (3) THE CREDIT ALLOWED UNDER THIS SECTION DOES NOT APPLY TO
9 ANY SALES AND USE TAX THAT A VENDOR IS REQUIRED TO PAY TO THE
10 COMPTROLLER FOR ANY PURCHASE OR USE THAT THE VENDOR MAKES THAT IS
11 SUBJECT TO THE TAX.

12 (C) (1) THE CREDIT ALLOWED UNDER SUBSECTION (B) OF THIS SECTION
13 MAY NOT EXCEED \$1,500 FOR EACH RETURN.

14 (2) FOR A VENDOR WHO FILES OR IS ELIGIBLE TO FILE A
15 CONSOLIDATED RETURN UNDER § 11-502 OF THIS TITLE, THE TOTAL MAXIMUM
16 CREDIT THAT THE VENDOR IS ALLOWED UNDER THIS SECTION FOR ALL RETURNS
17 FILED FOR ANY PERIOD IS \$1,500.

18 (3) A VENDOR MAY APPLY THE CREDIT ALLOWED UNDER THIS
19 SECTION BY REDUCING THE GROSS AMOUNT OF SALES AND USE TAX THAT THE
20 VENDOR IS REQUIRED TO PAY TO THE COMPTROLLER BY THE AMOUNT OF THE
21 CREDIT.

22 (D) A VENDOR MAY NOT APPLY THE CREDIT ALLOWED UNDER § 11-105 OF
23 THIS SUBTITLE FOR THE SAME PERIOD FOR WHICH THE VENDOR APPLIES THE
24 CREDIT ALLOWED UNDER THIS SECTION.

25 SECTION 2. AND BE IT FURTHER ENACTED, That:

26 (a) This section applies to a vendor who is eligible to claim the credit under §
27 11-105.1 of the Tax – General Article for a sales and use tax return that is filed for a retail
28 sale or sale for use that occurs after December 31, 2020, but before the first day of the
29 month in which this Act becomes effective.

30 (b) (1) (i) Subject to subparagraph (ii) of this paragraph, for a sales and use
31 tax return filed in the month following the effective date of this Act, a vendor may claim a
32 credit in the amount of the difference between the credit received by a vendor under §
33 11-105 of the Tax – General Article and the credit allowed under § 11-105.1 of the Tax –
34 General Article for each return filed for a month that begins after December 31, 2020, and
35 ends before the effective date of this Act.

1 (ii) For purposes of calculating the amount of the credit allowed
2 under subparagraph (i) of this paragraph, the amount of the credit allowed under §
3 11–105.1 of the Tax – General Article shall be calculated without regard to the limitation
4 under § 11–105.1(d) of the Tax – General Article.

5 (2) The Comptroller shall pay a credit authorized under paragraph (1) of
6 this subsection from the sales and use tax refund account established under § 2–1301 of
7 the Tax – General Article.

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
9 measure, is necessary for the immediate preservation of the public health or safety, has
10 been passed by a yea and nay vote supported by three–fifths of all the members elected to
11 each of the two Houses of the General Assembly, and shall take effect from the date it is
12 enacted. It shall remain effective through January 31, 2022, and, at the end of January 31,
13 2022, this Act, with no further action required by the General Assembly, shall be abrogated
14 and of no further force and effect.